

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7208

BILL NUMBER: SB 162

DATE PREPARED: Feb 12, 2001

BILL AMENDED:

SUBJECT: Sales Tax Reporting Periods.

FISCAL ANALYST: John Parkey

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FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill revises the reporting and payment periods in which a retail merchant must report and pay the merchant's state gross retail and use taxes.

Effective Date: July 1, 2001.

Explanation of State Expenditures: The proposed changes in this bill will have a minimal administrative impact on the Department of State Revenue.

Explanation of State Revenues: (Revised) The frequency with which a retailer must submit sales tax collections to the Department of State Revenue is based on the retailer's average monthly sales tax liability for the previous calendar year. This bill would give more relatively small retailers the option of remitting their collections less frequently.

Although the impact of this bill on state's sales tax revenue over the FY 2002-FY 2003 biennium is expected to be minimal, it will cause a portion of the revenue currently collected on a monthly basis to instead be collected on a quarterly basis. Under current law, retailers with a monthly sales tax liability between \$75 and \$300 would remit sales tax collections from April 2002 sales in May 2002 and would submit collections generated during May 2002 in June 2002. Under this bill, this group of retailers would be allowed to remit their collections quarterly, thus effectively shifting the remittances from FY 2002 to FY 2003. This shift would be a one-time occurrence. Based on sales tax collections from CY 1999, it is estimated that approximately \$4.8 M worth of FY 2002 sales collections could be deposited in FY 2003 rather than FY 2002 as a result of this bill. The extent of this shift in sales tax remittance from FY 2002 to FY 2003 will depend on the number of affected merchants who choose to decrease the frequency of their sales tax remittances.

Gross Retail (Sales) and Use taxes are deposited in the State General Fund (59.03%), the Property Tax Replacement Fund (40%), the Public Mass Transportation Fund (0.76%), the Commuter Rail Service Fund (0.17%), and the Industrial Rail Service Loan Fund (0.04%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Tom Conley, Department of State Revenue, (317) 232-2107.